

THE AMERICAN RECOVERY AND REINVESTMENT ACT WORKSHOP

Presented by U.S. Senator Patrick Leahy & Governor James Douglas

March 6, 2009 - Burlington, Vermont

BUSINESS PROVISIONS OF THE STIMULUS

The American Recovery and Reinvestment Act targets investments toward key areas that will save or create good jobs immediately and help businesses, while also laying the

groundwork for long-term economic growth in Vermont. The list below offers an idea of some of the funding and tax incentives included in the act.

Specifically, the Act includes new small business assistance funding:

- \$630 million for Small Business Administration (SBA) loans and loan guarantees divided into two categories: \$375 million is set aside for reimbursements, loan subsidies and loan modifications related to certain loans, and \$255 million for loan guarantees of \$35,000 or less in a new Business Stabilization Program;
- \$24 million for microloan technical assistance and \$20 million to improve lender oversight;
- An additional \$6 million for new SBA direct loans;
- \$15 million for the SBA's surety bond program and an increase the size of the maximum bond;
- Elimination or reduction of fees in the SBA's main business loan programs and for lender oversight;
- SBA loan guarantees to refinance existing business loans;
- Authorization for the SBA to guarantee pools of first lien CDC/504 loans sold to third party investors;
- Encourages SBA-licensed Small Business Investment Companies (SBICs) to invest more venture capital in small businesses;
- \$1.5 billion annually for two years for the Treasury Department's New Market Tax Credit program;
- \$100 million for the Treasury Department's Community Development Financial Institution grant program;
- \$150 million in budget authority to support a program level of \$3 billion in Business and Industry Guaranteed loans and Rural Business Enterprise Grants at USDA-Rural Development;
- \$744 million to directly assist farmers, including \$674 million for crop disaster programs (primarily the supplemental revenue assistance program (SURE)) and \$20 million for the USDA Farm Service Agency farm operating loan program;
- \$2.5 billion for the National Science Foundation for research and development; and
- \$7.4 billion for the National Institutes of Health to fund scientific research.

And new tax incentives to encourage small business growth and prosperity:

- Extension of Bonus Depreciation – 2008 provision is extended to permit businesses to immediately write off 50 percent of the cost of depreciable property used in the U.S. (equipment, tractors, wind turbines, solar, and computers);
- Extension to Accelerate Recognition of Historic AMT/R&D Credits;
- Extension of Enhanced Small Business Expensing – Allows businesses, until the end of 2010, to write-off certain expenses in one tax year instead of multiple tax years;
- 5-Year Carryback of Net Operating Losses for Small Businesses;
- Delayed Recognition of Certain Cancellation of Debt Income;
- Creates a new work opportunity tax credit for unemployed veterans and disconnected youth;
- Expansion of Small Business Capital Gains exclusion on sale of certain small business stock;
- Reduction of the 2009 estimated tax payments for certain small businesses;
- Extension of Industrial Development Bonds, tax exempt bond financing, to more manufacturers; and
- New Advanced Energy Tax Credit of 30 percent for facilities engaged in advanced energy property manufacturing.

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